



# DISPUTE RESOLUTION SERVICE

**DRS 17313**

## Decision of Independent Expert

Creative Nail Design, Inc

Complainant

and

Daniel Chapman

Respondent

## 1 The Parties

Complainant:	Creative Nail Design, Inc.
Address:	9560 Towne Centre Drive Suite 200 San Diego California 92121 United States

Respondent:	Daniel Chapman
Address:	3 Hanover Street Bath Avon BA16PP United Kingdom

## 2 The Domain Name

*shellacshop.co.uk* (the "Domain Name").

### 3 Procedural History

I confirm that I am independent of each of the parties. To the best of my knowledge and belief, there are no facts or circumstances, past or present, or that could arise in the foreseeable future, which need be disclosed as being of such a nature as to call into question my independence in the eyes of one or both of the parties.

07 April 2016	Dispute received
08 April 2016	Complaint validated
08 April 2016	Notification of complaint sent to parties
28 April 2016	Response reminder sent
03 May 2016	No Response Received
03 May 2016	Notification of no response sent to parties
12 May 2016	Expert decision payment received

### 4 Factual Background

- 4.1 The domain name *shellacshop.co.uk* (the "Domain Name") was registered by the Respondent on 24 February 2014.
- 4.2 The Complainant was incorporated in California in 1979. In April 2010 it launched in the UK and elsewhere a range of nail polishes under the SHELLAC brand name. The Complainant trades primarily by reference to its acronym, CND.

### 5 Parties' Contentions

#### Complaint

- 5.1 The Complaint sets out at some length the background to the development and launch of the SHELLAC nail varnish range which "*is applied like a polish and wears like a gel, but is removable like a polish*". It explains the proprietary process by which SHELLAC is applied by trained manicurists. The result is a glossy gel-like coloured coating which, unlike traditional nail varnish, will ordinarily last for approximately two weeks without smudging or chipping.
- 5.2 The Complainant explains that it has spent significant sums in launching and promoting the SHELLAC brand, including in the UK where it is exclusively distributed by a Leeds based business named Sweet Squared. For example, in 2012 Sweet Squared spent more than £400,000 in advertising and promoting the SHELLAC brand. This information is provided in a signed witness statement of 16 July 2013 prepared for the purpose of unrelated trade mark opposition proceedings brought the Complainant. Considerable further information and evidence is provided by the Complainant as to the commercial success of the SHELLAC brand in the UK and elsewhere.
- 5.3 The Complainant says that it owns more than 470 trade mark "*applications and registrations*" around the world for the marks SHELLAC and CND SHELLAC and marks incorporating those elements. In particular, it is the proprietor of the UK trade mark SHELLAC, registered with number 3070075, which was registered on 30 January 2015 with a filing date of 27 August 2014 (from which date the registration is therefore effective). The Complainant asserts that the SHELLAC mark is sufficiently well known to constitute a famous mark pursuant to Article 6bis of the Paris Convention.
- 5.4 It also asserts unregistered rights in the SHELLAC name, by reference to the matters and evidence outlined in paragraph 5.2 above.

- 5.5 It relies, in addition, on the finding of a Nominet Independent Expert in DRS 15447 (*cnd-shellac.co.uk*) that it has the requisite Rights (for the purposes of the DRS Policy) in the marks CND and SHELLAC "as a result of its trade mark registration(s) and as a result of the goodwill that it has created from the extensive use and promotion of the marks CND and SHELLAC".
- 5.6 Initially, the Domain Name was used in the URL of a website which offered for sale nail colour products branded as "CCO" or "CCO SHELLAC". The Complainant says that those products are not manufactured by it and are not related to it, in effect that they are counterfeit.
- 5.7 On 16 December 2015 the Complainant's solicitors wrote to the Respondent, which resulted in that website being taken down. The Complainant submits that that response to its solicitors' letter amounted to a tacit admission on the part of the Respondent of trade mark infringement and passing off.
- 5.8 As to Rights, the Complainant's case is that the Domain Name "*is similar to a high degree, if not identical, to a number of the Complainant's trade marks ... and unregistered rights, including but not limited to UK trade mark registration number 2582298 CND SHELLAC and 3070075 SHELLAC.*" It says that the inclusion of the word "shop" after the Complainant's trade mark does not constitute a distinguishing feature because "*it is a descriptive word indicating that the Domain Name hosts a website from which the SHELLAC products may be purchased*".
- 5.9 The Complainant maintains that registration of the Domain Name is Abusive (as defined in the Policy) on a number of grounds:
- 5.9.1 registration or other acquisition primarily for the purposes of selling, renting or otherwise transferring the Domain Name to the Complainant or a competitor of the Complainant for valuable consideration (Policy, paragraph 3(a)(i)(A));
- 5.9.2 registration or other acquisition primarily as a blocking registration against a name or mark in which the Complainant has Rights (Policy, paragraph 3(a)(i)(B));
- 5.9.3 registration or other acquisition primarily for the purpose of unfairly disrupting the Complainant's business (Policy, paragraph 3(a)(i)(C));
- 5.9.4 use or threatened use in a way which has confused or is likely to confuse people or businesses into believing that the Domain Name is registered to, operated or authorised by, or otherwise connected with, the Complainant (Policy, paragraph 3(a)(ii)); and
- 5.9.5 absence of any of the factors set out in paragraph 4 of the Policy by which a Respondent might demonstrate that it is not an Abusive Registration.
- 5.10 As to 5.9.1, the Complainant simply submits that "*the Respondent knew of, and sought to capitalise on, the fame and value of the Complainant's trade marks, at the time the Domain Name was registered for the purpose of selling, renting or otherwise transferring the Domain Name to the Complainant or one of its competitors*". No further information or evidence is provided in support of that submission.
- 5.11 As to 5.9.2, the Complainant submits, in essence, that because it has the relevant Rights, it therefore follows that the Respondent registered the Domain Name primarily as a blocking registration. In support of that submission, it relies on the assertions that its SHELLAC trade mark is distinctive, that the only use made of the Domain Name by the Respondent is abusive, that the Respondent lacks any apparent legitimate purpose for the registration which suggests that its registration and use is an attempt to capitalise on the Complainant's goodwill and

reputation, and that its removal of the website following the Complainant's solicitors' letter constitutes a tacit admission of trade mark infringement.

- 5.12 As to 5.9.3, the Complainant asserts that its "*prospective customers would assume that the live website previously found at the Domain Name was connected to or authorised by Complainant*". It is said that this must "*inevitably*" interfere with the Complainant's business by diverting business and/or by damaging or tarnishing its reputation. It is further submitted that this was the Respondent's express intention.
- 5.13 As to 5.9.4, the Complainant explains that the Respondent has no connection or affiliation with it and that the products offered for sale by the Respondent are not manufactured by it. It submits that the Respondent "*deliberately chose the Complainant's trade mark in order to give the impression of providing the Complainant's genuine products, to misappropriate the goodwill of the Complainant, to hijack the Complainant's reputation for personal gain and to re-direct internet traffic intended for the Complainant for its own purposes*". It also invites the Expert to infer that the Respondent must have been aware of the Complainant's rights in the SHELLAC mark when the Domain Name was registered and that he must therefore have intended to exploit the Complainant's reputation unfairly and detrimentally, on the basis that "*there is no other reasonable explanation for the Respondent's act*".
- 5.14 The Complainant further asserts that people will be deceived into assuming that the Respondent is linked with the Complainant's business which risks misleading the Complainant's customers, diverting business away from the Complainant, and taking unfair advantage of and being detrimental to the reputation and distinctive character of the Complainant's trade marks.
- 5.15 No evidence is provided of actual confusion, but it is said that the Respondent has been using the Domain Name in a way which is likely to confuse people. The Complainant relies in this regard on the *One in a Million* case.
- 5.16 As to paragraph 4 of the Policy, the Complainant explains that it has no relationship with the Respondent, nor has it authorised the Respondent's use of the SHELLAC mark. It argues that the Respondent had, at least constructive, knowledge of the Complainant's rights because the Domain Name was registered "*well after the Complainant had commenced use of and filed trade mark applications and secured trade mark registrations which includes the SHELLAC trade mark in the United Kingdom and elsewhere*". Further, the Respondent has not demonstrated that any of the factors set out in paragraph 4 of the Policy are present.

#### Response

- 5.17 No Response was filed.

## **6 Discussions and Findings**

#### General

- 6.1 To succeed under the Policy, the Complainant must prove on the balance of probabilities, first, that he has Rights (as defined in the Policy) in respect of a name or mark that is identical or similar to the Domain Name (paragraph 2(a)(i) of the Policy), and secondly, that the Domain Name is an Abusive Registration in the hands of the Respondent (paragraph 2(a)(ii) of the Policy).
- 6.2 Abusive Registration is defined in paragraph 1 of the Policy in the following terms:

*"Abusive Registration means a Domain Name which either:*

*(i) was registered or otherwise acquired in a manner which, at the time when the registration or acquisition took place, took unfair advantage of or was unfairly detrimental to the Complainant's Rights; OR*

*(ii) has been used in a manner which took unfair advantage of or was unfairly detrimental to the Complainant's Rights."*

### Complainant's Rights

- 6.3 Paragraph 2(a)(i) of the Policy requires the Complainant to prove that it "*has Rights in respect of a name or mark which is identical or similar to the Domain Name*". "Rights" means "*rights enforceable by the Complainant, whether under English law or otherwise, and may include rights in descriptive terms which have acquired a secondary meaning*".
- 6.4 While this Complaint is long on factual background and information, it is a little light on reasoning by reference to the specific provisions of the DRS Policy. For example, much information is provided about the Complainant's registered and unregistered rights in the CND mark which is irrelevant to the Domain Name because it is not, on any view, either identical or similar to the Domain Name. The Complainant could have confined itself to submissions in relation to the SHELLAC name and mark.
- 6.5 The only registered SHELLAC trade mark specifically relied upon and evidenced by the Complainant in fact post-dates registration of the Domain Name. This point is not addressed by the Complainant. While that is not necessarily relevant to the question of Rights, it may be relevant to Abusive Registration.
- 6.6 The Complainant also relies on the registered CND SHELLAC trade mark which is effective from 24 May 2011. That registered mark therefore comfortably pre-dates registration of the Domain Name. However, no case is made by the Complainant as to why the CND SHELLAC mark is similar to the Domain Name.
- 6.7 The reference to the decision in DRS 15447 is a little misleading because that case concerned a domain name which incorporated both the CND and SHELLAC marks (*cnd-shellac.co.uk*).
- 6.8 The Complainant also relies on unregistered rights, presumably, though it does not in fact say so, in the SHELLAC name. Be that as it may, it is clear from the submissions and evidence referred to in paragraph 5.2 above that the Complainant has unregistered rights in the SHELLAC name.
- 6.9 Accordingly, the next question is whether the SHELLAC name is similar to the Domain Name. It is now well established under the DRS that for these purposes the generic *.co.uk* ccTLD suffix may be ignored. The Expert also accepts the Complainant's submission that the addition of the descriptive word "shop" after SHELLAC does not sufficiently distinguish the Domain Name from the SHELLAC name. Again, numerous DRS decisions have made equivalent findings, including, for example DRS 6973 (*veluxblind.co.uk*), in which the Expert commented that:
- "The Domain Name consists of the Complainant's distinctive trade mark and the descriptive word "blind" which does nothing to distinguish the Domain Name from the mark, since the mark is associated in the public mind with the Complainant's blinds."*
- 6.10 The Expert accepts that the addition of the word "shop" simply indicates, or indicated, that the associated website was a place from which SHELLAC products may be purchased, and that the Domain Name is therefore similar to the SHELLAC mark and name.

6.11 Accordingly, pursuant to paragraph 2(a)(i) of the Policy, the Complainant has Rights (as defined) in respect of a name or mark (i.e. SHELLAC) that is identical or similar to the Domain Name.

#### Abusive registration

6.12 Since this is a 'no response' case, the Complainant's account of events is unchallenged. Nonetheless, it remains incumbent upon the Complainant to discharge its burden of proof, i.e. to prove, on the balance of probabilities, that the Domain Name is an Abusive Registration in the hands of the Respondent, on the basis set out in paragraph 6.2 above.

6.13 As set out in section 5 above, the Complainant puts its case on Abusive Registration on five alternative bases.

#### Policy 3(a)(i)(A): Registration for purpose of sale etc. to Complainant

6.14 While the Complainant asserts that the Respondent knew of, and sought to capitalise on, the fame and value of the Complainant's trade marks for the purpose of selling, renting or otherwise transferring the Domain Name to the Complainant or one of its competitors, it does not explain the basis for this assertion and no evidence is provided in support of it (such as an offer by the Respondent to sell the Domain Name). Much less is there any evidence that this was the primary purpose for which the Domain Name was registered. Accordingly, the Complaint fails on this ground.

#### Policy 3(a)(i)(B): Blocking registration

6.15 Again, no case is argued, beyond a bald assertion, that the Domain Name was registered primarily as a blocking registration. Indeed, on the Complainant's own case, it appears to have been registered primarily for use in the URL for a website selling counterfeit versions of the Complainant's products. Accordingly, the Complaint fails also on this ground.

#### Policy 3(a)(i)(C): Registration primarily for the purpose of unfairly disrupting Complainant's business

6.16 The Complainant's submissions on this point are very brief and appear more relevant to the confusion ground under paragraph 3(a)(ii), referred to below. The assertion that the Respondent's intention in registering the Domain Name was unfairly to disrupt the business of the Claimant is not made out, let alone evidenced.

6.17 It may well, for example, have been the case that the Respondent's primary intention was to facilitate the sale of counterfeit goods without having had any particular intention of thereby disrupting the Complainant's business. Given the huge success of the Complainant's SHELLAC product range, as a matter of pure economics the disruption caused to that business of a single website selling counterfeit products may well have been negligible to nil. No evidence to the contrary has been provided. Accordingly, the Complaint fails on this ground too.

#### Policy 3(a)(ii): Confusion or likelihood of confusion

6.18 Here the Complainant is on much stronger ground. In the absence of any submissions or evidence to the contrary, the Expert accepts that it is likely that the Respondent "*deliberately chose the Complainant's trade mark in order to give the impression of providing the Complainant's genuine products, to misappropriate the goodwill of the Complainant, to hijack the Complainant's reputation for personal gain and to re-direct internet traffic intended for the Complainant for its own purposes*". The Expert also accepts that it would be reasonable to infer that the Respondent was well aware of the Complainant's rights in the SHELLAC name when he registered the Domain Name.

- 6.19 Further, while no evidence is provided of actual confusion, there is plainly, at the very least, a substantial risk of 'initial interest' confusion, namely that people might, initially at least, have assumed that the Respondent's website was a bona fide distribution channel for the Complainant's products. The addition of the word "shop" to the Complainant's name and mark is not sufficient to exculpate the Respondent in this regard. Indeed, arguably it aggravates the position, given that the goods being sold on the Respondent's website appear to have been counterfeit (see Appeal decision in DRS 248 (*seiko-shop.co.uk*) which was held to fall foul of paragraph 3(a)(ii), notwithstanding that in that case the goods being sold were genuine, rather than fake).
- 6.20 For these reasons, the Complainant has demonstrated Abusive Registration pursuant to paragraph 3(a)(ii) of the Policy.
- 6.21 The Respondent has chosen not to file a Response and so does not rely on any of the factors set out in paragraph 4 of the Policy to demonstrate that the Domain Name is not an Abusive Registration.
- 6.22 Accordingly, the Complainant has succeeded in proving, on the balance of probabilities, that it has Rights in respect of the SHELLAC name and mark; that the SHELLAC name and mark is similar to the Domain Name; and that the Domain Name is an Abusive Registration in the hands of the Respondent.

## **7 Decision**

- 7.1 The Expert finds that the Complainant has rights in a name or mark which is identical or similar to the Domain Name and that the Domain Name is, in the hands of the Respondent, an Abusive Registration.
- 7.2 It is therefore determined that the Domain Name be transferred to the Complainant.

Signed ..... **David Engel**.....

Dated 31st May 2016